

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
AUGUST 20, 2019**

ITEM 4

SUBJECT

CONSIDERATION OF A RESOLUTION TO ADOPT THE PROPOSITION 68
GROUNDWATER TREATMENT AND REMEDIATION GRANT PROGRAM
GUIDELINES

DISCUSSION

The *California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018* (Proposition 68), was approved by California voters on June 5, 2018. Proposition 68 allocates \$80 million to the State Water Resources Control Board (State Water Board) to provide competitive grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water (Pub. Resources Code, § 80141, subd. (a)). The State Water Board has a total of approximately \$74 million available for qualifying treatment and remediation projects, after accounting for bond and program administration costs.

Proposition 68 requires the development and adoption of project solicitation and evaluation guidelines prior to disbursing grants for any competitive grant program (Pub. Resources Code, § 80010, subd. (a)). Division of Financial Assistance (DFA) staff developed the Proposition 68 Treatment and Remediation Grant Program Guidelines (Guidelines) for State Water Board consideration. The draft Guidelines establish the process and criteria that DFA will use to solicit applications, evaluate and rank project proposals, and award funding for projects.

The draft Guidelines were posted for public review and comment from May 17, 2019 through July 3, 2019. Interested parties were notified of the availability of the draft Guidelines via the State Water Board's e-mail lists. DFA staff also held public workshops in Rancho Cordova (June 24, 2019), Lakewood (June 25, 2019), and Fresno (June 26, 2019) to consider public comments.

The following comments were received in writing and raised at the workshops:

- 1.) Reimbursement Timeframe** – Request that the deadline to liquidate all encumbered funds be revised to June 30, 2025, to provide enough time for largescale groundwater remediation projects to be commissioned and placed in full operation.

Final Draft Guidelines: No changes to the Guidelines proposed. The June 30, 2023 liquidation date was established in the Budget Act of 2019. Extension of the liquidation date would require action in a future budget act.

Requesting additional time would require a Budget Change Proposal. A request for additional time is not envisioned unless it is determined that there is not adequate demand from competitive projects and funds cannot be awarded by the existing encumbrance date of June 30, 2021.

- 2.) Maximum Grant Amounts** – The Guidelines should include a provision by which the State Water Board can approve an award in excess of the maximum grant amount for projects that can substantiate need for additional funding.

Final Draft Guidelines: No changes to the Guidelines proposed. Section 5.1 already indicates that the “State Water Board retains authority to approve projects exceeding the grant amounts listed” in the Guidelines.

POLICY ISSUE

Should the State Water Board:

1. Adopt the Guidelines and authorize the Deputy Director of DFA to make non-substantive changes to the Guidelines?
2. Authorize the Deputy Director of the DFA or designee to award grants and execute grant agreements and amendments for routine, non-controversial projects consistent with the Guidelines?
3. Authorize the Deputy Director of the DFA to utilize funds from projects which are withdrawn or completed under budget to fund additional projects, or augment the scope of work and budget of projects previously awarded, consistent with the Guidelines?
4. Authorize the Deputy Director of the DFA to withdraw a grant award if the applicant is non-responsive or the Division has exhausted reasonable efforts to resolve issues that prevent the execution of a grant agreement?
5. Authorize the Deputy Director of the DFA to terminate a grant agreement where there is a violation of a material provision of the agreement by the recipient?

FISCAL IMPACT

Proposition 68 provided \$80 million for matching grants for treatment and remediation projects that prevent or reduce the contamination of groundwater that serves or has served as a source of drinking water. Proposition 68 provides up to five percent of the funds allocated to be used to administer the program.

REGIONAL BOARD/DISTRICT OFFICES IMPACT

Groundwater projects in all regions are eligible. Regional Water Quality Control Boards and the Division of Drinking Water district offices will be assisting with the technical

review and evaluation of project proposals and will be providing input during project implementation.

HUMAN RIGHT TO WATER ANALYSIS

The actions proposed under this item are consistent with the established policy of the State recognizing the human right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes (human right to water; Water Code section 106.3). The proposed actions are also consistent with [Resolution No. 2016-0010](#), in which the State Water Board adopted the human right to water as a core value and top priority. As directed by the State Water Board in Resolution No. 2016-0010, DFA staff have determined that the proposed actions support the human right to water by providing funding to prevent or reduce contamination of groundwater that serves as a source of drinking water.

STAFF RECOMMENDATION

DFA staff recommends adoption of the proposed resolution.